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Before the  
**FEDERAL COMMUNICATIONS COMMISSION**  
 Washington, D.C. 20554

JAN 14 1994

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of )

American Telephone and Telegraph )  
 Request to Establish a Permanent )  
 Replacement for the Current Method of )  
 Funding the Universal Service Fund )

RM-8408

Amendment of Part 36 of the )  
 Commission's Rules and )  
 Establishment of a Joint Board )

CC Docket 80-286

**Comments of General Communication, Inc.**

General Communication, Inc. (GCI) hereby comments on the AT&T Petition for Rulemaking<sup>1</sup> filed on November 24, 1993. The Petition proposes to develop with the upcoming comprehensive review of other issues related to the Universal Service Fund (USF), a permanent replacement for the current method of funding the USF; and, to adopt simultaneously with the temporary cap recommended by the Joint Board a temporary, revenue based method for allocating USF costs among interexchange carriers (IXCs). GCI urges the Commission to address the issue regarding funding for universal service in the comprehensive review of the issues relating to USF in CC Docket 80-286. GCI does not support implementation of a temporary revenue based method for allocating USF costs among IXCs. The comprehensive review Notice should be promptly issued.

<sup>1</sup>Comment is sought on the Petition Pursuant to FCC Public Notice, Report No. 1990, released December 15, 1993.

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### **Introduction**

The USF is a program to subsidize local exchange carriers (LECs) that have loop costs that exceed 115 percent of the nationwide average. IXC's and their customers pay this subsidy to LECs based on the number of lines presubscribed to the IXC. GCI makes payments to the USF to support LECs. The Joint Board recently adopted an interim resolution requesting that the Commission implement rules to index the USF.<sup>2</sup> The USF will be allowed to grow at a rate no greater than the rate of growth in the nation's total working loops. This interim structure will remain in effect for no longer than two years. The Commission adopted the Joint Board decision.<sup>3</sup>

### **AT&T Proposal**

AT&T proposes to develop with the upcoming comprehensive review of other issues related to the USF, a permanent replacement for the current method of funding the USF; and, to adopt simultaneously with the temporary cap recommended by the Joint Board a temporary, revenue based method for allocating USF costs among IXC's.

As previously stated in various proceedings, GCI agrees that the Commission should evaluate the USF fund as a whole, including whether the subsidies that currently go to the LECs should go directly to the consumer; whether and how much subsidy is actually required; what types of costs should be considered in determining USF, including corporate operating expenses,

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<sup>2</sup>Recommended Decision, CC Docket 80-286, FCC 93J-3 (released December 10, 1993).

<sup>3</sup>Report and Order, CC Docket 80-286, FCC 93-549 (released December 23, 1993).

capital leases, current loop allocations, network operations; whether minimum local rates should be required; what reporting requirements should USF recipients be subject to; who should administer the fund; and, who should be required to contribute to the fund. AT&T's issue regarding the permanent replacement for the current method of funding the USF should also be considered in the comprehensive review.

However, AT&T's request regarding the temporary revenue based method for allocating USF costs should not be implemented. The Joint Board recommendation has already been adopted and implemented by the Commission. Further, the Commission has promised to implement a review of the USF and complete the review within two years. The issue of who should pay and on what basis should be addressed solely in the comprehensive review since many parties in other proceedings have stated that all telecommunications providers should contribute to universal service.

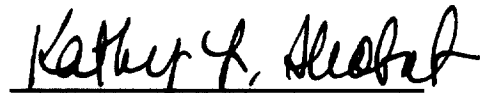
It should be noted that GCI does not support elimination of the USF. GCI supports the USF as an important public policy provision to encourage expansion of all networks. However, the Commission should begin the long term evaluation of the process since it appears that the intent of the USF has been manipulated. GCI believes that LECs, or alternatively consumers, that need USF support should continue to receive it. The long term viability of the USF is dependent on modifications that ensure that the fund is properly limited and properly funded. This final determination should be made in the rulemaking proposed by the Commission.

### **Conclusion**

GCI supports addressing the issues raised in the Petition and urges the Commission to consider them in its investigation of a broad spectrum of USF issues in CC Docket 80-286. The Notice should be promptly issued.

Respectfully submitted,

GENERAL COMMUNICATION, INC.



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January 14, 1994

# **STATEMENT OF VERIFICATION**

I have read the foregoing, and to the best of my knowledge, information and belief there is good ground to support it, and that it is not interposed for delay.


I verify under penalty of perjury that the foregoing is true and correct. Executed January 14, 1994.



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## **CERTIFICATE OF SERVICE**

I, Kathy L. Shobert, do hereby certify that on this 14th day of January, 1994, a copy of the foregoing Comments of General Communication, Inc. was mailed by first class mail, postage prepaid, to the parties listed below.

  
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